

ABSTRACT OF THE DISCLOSURE

An electronic exchange system network includes a trader site having an automated trading system capable of submitting orders and/or quotes to an exchange site.

- 5 The automated trading system determines whether an order or quote should be submitted based on, for example, the current market price of an option and theoretical buy and sell prices. The theoretical buy and sell prices are derived from, among other things, the current market price of the security underlying the option. The theoretical buy and sell prices are calculated when underlying factors that contribute to the theoretical prices
- 10 change. Computation times of the theoretical prices may be reduced by using precalculated values and/or using interpolation and extrapolation. Other techniques may be used in addition or in the alternative to speed automatic decision-making. In addition, a system of checks may be conducted to ensure accurate and safe automated trading. The automated trading system may be capable of automatically submitting orders in
- 15 connection with the underlying security in order to hedge part of the delta risk associated with the automated option trades.